



**America the Beautiful**

**FEDERAL LABOR RELATIONS AUTHORITY**

**OFFICE OF INSPECTOR GENERAL**

**SEMIANNUAL REPORT  
TO THE CONGRESS**

**October 1, 2002 to  
March 31, 2003**

## EXECUTIVE SUMMARY

This is the 28<sup>th</sup> semiannual report issued by the Office of Inspector General (OIG) at the Federal Labor Relations Authority (FLRA). This report, submitted pursuant to section 5 of the Inspector General Act, summarizes the major activities and accomplishments for the period of October 1, 2002 -March 31, 2003.

During this reporting period, the FLRA Inspector General processed thirteen Hotline calls and conducted four administrative investigations . During this period, the FLRA Inspector General completed and issued an audit on FY 99, 00, 01 Financial Reports, Central Services Fund and Budget Formulation Process. During this reporting period, the FLRA Inspector General completed and issued a follow-up assessment on FLRA employee's use of Government Credit Cards, and began a follow-up assessment of the FLRA's Human Capital Process. Currently the FLRA Inspector General is conducting an internal review of the FLRA Authority Case Processing . There were no security issues or investigations relating to the FLRA during this reporting period. The FLRA Inspector General continues to actively participate in the Presidential Council for Integrity and Efficiency/Executive Council for Integrity and Efficiency (PCIE/ECIE), reviews new legislation and FLRA draft policies, provides management consultations and engages in continuing education.

During this reporting period, there were no critical mission impacting findings. Several significant corrective actions, identified from previous oversight activities related to security, information technology, and compliance with the Fair Act and Paperwork Reduction Act still need more management attention and internal controls. Evolving Federal program and policy changes, the extensive work involved in the relocation of the FLRA Headquarters, the potential effect that homeland security issues will have on E-Government, and other priority issues have all affected corrective action implementation during this reporting period. FLRA management will be focusing on these areas over the next year to ensure compliance with Federal requirements.

## THE FEDERAL LABOR RELATIONS AUTHORITY

The FLRA is an independent agency responsible for directing the labor-management relations for 1.9 million non-postal Federal employees world-wide, nearly 1.1 million of whom are exclusively represented in approximately 2,200 bargaining units. The FLRA is charged by the Federal Service Labor-Management Relations (The Statute), section 7105, with providing leadership in establishing policies and guidance relating to Federal sector labor-management relations, resolving disputes arising among Federal agencies and unions representing Federal employees, and ensuring compliance with the Statute.

The FLRA represents the Federal government's consolidated approach to labor-management relations. It is "three components in one," fulfilling legal statutory responsibilities through its three primary operational components – the Authority, the Office of General Counsel and the Federal Service Impasses Panel. The FLRA has 7 regional offices and two satellite offices. The FLRA also provides full staff support to two other organizations – the Foreign Service Impasses Disputes Panel and the Foreign Service Labor Relations Board.

The Authority is a quasi-judicial body with three full-time Members who are appointed for 5-year terms by the President, with the advice and consent of the Senate. One member is appointed by the President to serve as Chairman of the Authority and as Chief Executive and Administrative Officer of the FLRA.

The Authority adjudicates disputes arising under the Statute, deciding cases concerning the negotiability of collective bargaining agreement proposals, unfair labor practice (ULP) allegations, representation petitions, and exceptions to grievance arbitration awards. In addition, consistent with its statutory responsibility to provide leadership in establishing policies and guidance to participants in the Federal labor-management relations program, and as part of the Collaboration and Alternative Dispute Resolution (CADR) Program described below, the Authority assists Federal agencies and unions in understanding their rights and responsibilities under the Statute and resolving their disputes through interest-based problem-solving rather than adjudication.

In addition to the three Member Offices, the Authority component of the FLRA also houses the Office of Administrative Law Judges, the Collaboration and Alternative Dispute Resolution Office, the Office of the Solicitor, the Office of the Executive Director, and the Office of the Inspector General.

***Office of the Administrative Law Judges:*** The FLRA's Administrative Law Judges (ALJs) are appointed by the Authority to hear and prepare recommended decisions in cases involving alleged ULPs. In addition, ALJs issue decisions involving applications for attorney fees and files pursuant to the Back Pay Act or the Equal Access to Justice Act. The decisions of the ALJs may be affirmed, modified, or reversed, in whole or in part, by the Authority. If no exceptions are filed to an ALJ's decisions, the decision is adopted by the Authority and becomes final and binding on the parties. The ALJs also issue subpoenas as requested by the parties. While performing their

duties, the ALJs engage in settlement efforts throughout all stages of the process and conduct pre-hearing conferences in all ULP cases.

***Collaboration and Alternative Dispute Resolution (CADR) Office:*** The CADR Office is responsible for coordinating, supporting, and expanding the unified CADR Program. This program involves a variety of collaboration and alternative dispute resolution techniques at all steps of the process, from investigation and prosecution to the adjudication of cases and resolution of bargaining impasses. The CADR Program also provides facilitation and training programs to assist labor and management in developing constructive approaches to conducting their relationship.

***Office of the Solicitor:*** The Office of the Solicitor represents the Authority in court proceedings before all United States Courts, including the U.S. Supreme Court, U.S. Courts of Appeals, and Federal District Courts. The office serves as the agency's in-house counsel, providing legal advice to all FLRA components. The Solicitor is also the Designated Agency Ethics Officers under the Ethics in Government Act of 1978, as amended.

***Office of the Executive Director:*** The Office of the Executive Director provides operational support to all components of the FLRA, including budget and finance, human resources, procurement, administrative services, and information resources management and is responsible for developing and implementing agency-wide initiatives, such as strategic planning.

***Office of the Inspector General:*** The Office of the Inspector General is responsible for directing and carrying out audits and investigations related to the FLRA Programs and operations. In addition, the office recommends policies that promote economic, efficient, and effective agency programs that prevent fraud, waste and abuse. The office is responsible for keeping the Chair and the Congress fully informed of problems and deficiencies, as well as the necessity for corrective action. The Office of the Inspector General is mandated by Public Law 100-504 and the Inspector General Act Amendments of 1988.

***The Office of the General Counsel:*** The Office of the General Counsel (OGC) is the independent investigative and prosecutorial component of the FLRA. The OGC investigates all ULP charges filed by labor or management and prosecutes all ULP complaints before the Authority. The General Counsel, who is appointed by the President with the advice and consent of the Senate for a 5-year term, manages all OGC employees who comprise over 50 percent of the FLRA's staff. Most of the OGC's staff serve in the FLRA's seven regional offices located in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, DC. The Office of the General Counsel also operates 2 satellite offices, located at Brea, California and Cleveland Ohio. The regional and satellite offices investigate and settle or prosecute ULP claims, actively encouraging the use of collaboration and alternative dispute resolution at every step, to ensure compliance with all ULP orders issued by the Authority. The regional offices also receive and process representation petitions, and provide facilitation, intervention, training, and education services to the parties. The General Counsel reviews all appeals of a Regional Director's decision not to issue a ULP complaint and establishes policies and procedures for processing ULP charges.

***The Federal Service Impasses Panel:*** The Federal Service Impasses Panel (FSIP or the Panel) is composed of seven part-time Members who are appointed by the President to serve for a 5-year

term. One Member is appointed by the President to serve as the Panel Chair. The Panel resolves bargaining impasses between Federal agencies and unions representing Federal employees arising from negotiations over conditions of employment under the Statute and the Federal Employees Flexible and Compressed Work Schedules Act. If bargaining between the parties, followed by mediation assistance, proves unsuccessful, the Panel has the authority to recommend procedures and to take whatever action it deems necessary to resolve the impasse.

***The Foreign Service Labor Relations Board:*** The Foreign Service Labor Relations Board (the Board) was created by the Foreign Service Act of 1980 to administer the labor-management relations program for Foreign Service employees in the U.S. Information Agency, the Agency for International Development, and the Departments of State, Agriculture and Commerce. The Board is composed of three Members, including the Chairman of the Authority who appoints the other two Members, who serve on a part-time basis. The Chairman of the Authority also serves as Chairman of the Board. The FLRA General Counsel acts as General Counsel for the Board, and the Authority staff provides necessary support to the Board.

***The Foreign Service Impasse Disputes Panel:*** The Foreign Service Impasse Disputes Panel (the Disputes Panel) was also created by the Foreign Service Act of 1980. The Disputes Panel is composed of five part-time Members who are appointed by the Chairman of the Foreign Service Labor Relations Board (the FLRA Chair). The Disputes Panel resolves bargaining impasses between Federal agencies and Foreign Service personnel in the U.S. Information Agency, the Agency for International Development, and the Departments of State, Agriculture, and Commerce, over conditions of employment under the Foreign Service Act of 1980. The FSIP staff supports the Disputes Panel.

The FLRA's headquarters is located in Washington, D.C. The FLRA maintains regional offices in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, D.C. The FLRA has 215 full-time equivalents (FTE's), and an appropriation of \$26,524,000.00.

## **FLRA MISSION STATEMENT**

The Federal Labor Relations Authority exercises leadership under the Federal Service Labor-Management Relations Statute to promote stable, constructive labor relations that contribute to a more effective Government.

The Federal Labor Relations Authority fulfills its mission by:

- Enforcing and clarifying the law through sound, timely decisions and policies;
- Using fast, simple processes to conduct its business;
- Providing high quality training and education programs, and furnishing effective intervention services; and
- Administering its resources to ensure that services are responsive to the unique needs of its customers.

In order to accomplish this mission, the FLRA has established the following four goals:

1. Provide high quality services that timely resolve disputes in the Federal labor-management relations community.
2. Use and promote alternative methods of resolving and avoiding disputes and provide services to enhance labor-management relationships.
3. Develop, manage and utilize the FLRA's internal systems and processes to meet program needs.
4. Develop, manage and utilize the FLRA's human resources to meet program needs.

### **OFFICE OF INSPECTOR GENERAL**

The FLRA's Office of Inspector General was established pursuant to Pub. L. 100-504, the Inspector General Act Amendments of 1988, which amended Pub. L. 95-452, and the Inspector General Act of 1978. The Inspector General reports directly to the FLRA Chairman. As set forth in the authorizing legislation, the Inspector General:

- Conducts and supervises internal reviews, audits and evaluations of the programs and operations of the FLRA;
- Provides leadership and coordination, and recommends actions to management, which: (1) promote economy, efficiency, and effectiveness in agency programs and operations;

and (2) prevent and detect fraud, waste, abuse, and mismanagement of government resources;  
and

- Keeps the Chairman, FLRA management, and the Congress fully informed regarding problems and deficiencies, as well as the necessity for the progress of corrective action.

The Inspector General's Office is currently staffed with one full time Inspector General and one full time Management Assistant (upward mobility position). When required, the FLRA Inspector General uses contractor auditors to assist in performing audits. Legal advice is provided to the Inspector General on an as needed basis by the FLRA's Office of the Solicitor. The Office of the Inspector General had been allocated funding totaling \$230,000.00 for FY 2002. Excluding salaries and benefits, the operational portion of this allocation is \$78,500. The FY 2003 allocation is \$309,000.

## **OFFICE OF INSPECTOR GENERAL MISSION STATEMENT**

The mission of the FLRA Office of Inspector General is to provide FLRA leadership, along with an independent and objective assessment of the organization's efficiency and effectiveness. This is accomplished through proactive evaluations of FLRA operational processes. The Inspector General provides necessary oversight and serves as a catalyst for improving and maximizing the efficiency and integrity of FLRA programs and operations. The goal of the Inspector General's work is to maximize the effectiveness of FLRA programs by evaluating performance and identifying ways to make these programs more efficient and effective. In addition, the FLRA Inspector General strives to prevent and detect fraud, waste, abuse, and mismanagement of the FLRA's resources and operations which could adversely impact the organization's integrity and ability to perform its mission in a timely, customer responsive manner.

The primary objectives of the Office of Inspector General are as follows:

- To evaluate the efficiency and effectiveness of FLRA program and resource management and identify best practices, as well as causative factors, impeding the accomplishment of the FLRA mission.
- To assist the Chairman and FLRA management in carrying out their responsibilities by providing them with objectives and timely information on the conduct of FLRA operations, together with the Inspector General's independent analysis, conclusions, and recommendations.
- To use evaluations, internal reviews, and more traditional assessment tools of audits, inspections, and investigations, to maximize oversight and strengthen system and process controls.
- To support the Administration and Congress in maximizing Government integrity and

efficiency and minimizing the occurrence of fraud, waste, abuse, and mismanagement.

## **AUDIT ACTIVITY**

During this reporting period the following audit was performed by the FLRA Office of the Inspector General:

**Audit of FLRA's FY 1999, 2000, 2001 Financial Reports,** **Closed**  
**Central Services Fund, and Budget Formulation Process**

During this reporting period, the FLRA Inspector General conducted, completed and issued an audit of the FLRA's FY 1999, 2000, and 2001 Financial Reports, Central Services Fund and Budget Formulation Process.<sup>1/</sup> The objective of this audit was to ensure that the FLRA's financial management process was being performed in compliance with Federal requirements, that the Central Services Fund was being used appropriately, and that the budget formulation process was being conducted in an efficient and effective manner. No material weaknesses were revealed by this audit, however, several important omissions were noted in the General Ledger Account as well as the failure to record liability funds for future workers' compensation. This audit also revealed that the Budget and Finance Division staff were still using manual spreadsheets, had not implemented sufficient procedures to ensure that journal entries or the disposition of fixed assets and the correction of expenditures erroneously capitalized as fixed assets were processed in a timely manner to ensure the proper statement of the general ledger at the fiscal year end. The audit also surfaced that more internal review of the use of government credit cards for small procurements and travel, and invoices for Federal Agency receivables would enhance debt collection. Also, the fact that the Accounting Officer position had not been filled for the past 2 ½ years definitely affected the extent of financial management and is a requirement which must be addressed immediately. The audit also affirmed that the FLRA does not have a written budget formulation and execution policy that outlines the process and procedures required of managers and clarifies FLRA approaches and methodology.

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<sup>1/</sup> FLRA is exempt from the CFO Act.

## **INTERNAL REVIEWS**

### **Follow-up on FLRA's Use of Government Credit Cards**

**Closed**

During September 2002, the FLRA Inspector General commenced a follow-up assessment of the FLRA's FY 2001-2002 use of Government credit cards for travel and procurement. This review revealed that there was no amount in dispute for procurement purchases in FY 2002. Typical Government credit card purchases included training, government services, purchases of telecommunication equipment, purchases for supplies, janitorial services, equipment, furniture purchases, business systems purchases, organization membership, management consultation, sports, athletic recreation membership, anthrax health care services, photography services, airline fees for infrequent travelers and direct marketing. All purchases were validated by requisitions. There were a few instances where purchase request were denied because of insufficient available funds, and a few authorized personnel used expired Government credit cards to make purchases. This review also revealed that there were several employees who were still using their Government credit cards for personal purchases while on travel even though they were supposed to have been counseled by their supervisors on the appropriate/inappropriate use of Government credit cards as a result of an Inspector General Review of the use of Government credit cards for travel during FY 2000-2001.

While responsible management stated they continuously performed random reviews of both travel and procurement statements, it was clear that their current internal review process was not sufficient and needed to be strengthened. The Review also revealed that not all managers/employees who had government credit cards were aware of what usage was appropriate and that all employees who are issued Government travel cards and/or procurement cards needed to be briefed and provided explicit guidance on usage.

### **Follow Up on FLRA's Human Capital Progress**

**Open**

The FLRA Inspector General conducted an Internal Review of FLRA's Human Capital Initiatives in FY 2000 and is currently conducting a follow-up on the progress made over the last 3 years. This review will contain a current assessment of the FLRA's compliance with the Human Capital government-wide standards as defined in the President's Management Agenda. This review should be completed and issued within the next few weeks.

### **Internal Review of the Authority Case Processing**

**Open**

The FLRA Inspector General is currently concluding an internal review of the FLRA Authority's Case Processing. Since FY 01, the number of cases filed with the Authority for adjudication (and/or resolution) has increased and the timeliness of processing has decreased over the last year. The entire process is being addressed in the Case Control Office and each Authority Member's Office to surface case processing issues and vulnerabilities so that management can ensure that the process is standardized, that the timeliness of Authority case processing becomes an achieved goal and that the current process is oriented to address its customers' needs.

## **Security Investigations**

During this reporting period, there were no security issues or investigations related to the FLRA. The Westory Building, 607 14<sup>th</sup> St. N.W. , at which the FLRA Headquarters was located until March 14, 2003, did tighten its building security (requiring the use of Kastle keys to enter the building and use elevators) after an unauthorized person attempted to gain entry into the building by following a Kastle Key user. The FLRA Headquarters is now located at 1400 K Street N.W and the FLRA's security policy (Occupant Emergency Plan) has been updated to address the new location. FLRA management is currently focusing on personnel and cyber security as well as information security.

## **Management Letters**

During this reporting period, three management letters were issued to provide summaries of issues brought up by several oversight issues and one investigation. These letters related to the Audit of FLRA Financial Reports, Use of Central Services Fund and Budget Formulation Process, the Debt Collection Findings and the investigation of alleged improper behavior by an FLRA employee.

## **Review of Legislation/Policy**

During this reporting period, the FLRA Inspector General received and provided comments or information on two FLRA policies:

1. FLRA Instruction 2780/2 The Convenience Check Reimbursement Fund .
2. FLRA Instruction 330.1A, Leave Instruction,

## **Continuing Education**

During this reporting period, the FLRA Inspector General attended:

1. The American Institute of Certified Public Accountants National Conference on Fraud and Advanced Litigation Services;
2. The Institute of Internal Auditors Audit Management Conference; and the
3. PCIE/ECIE 2003 Retreat

## **Presidential Council of Integrity and Efficiency/Executive Council of Integrity and Efficiency (PCIE/ECIE)**

The FLRA Inspector General continues to participate in the Executive Council of Integrity

and Efficiency and PCIE/ECIE activities.

**Investigation Activity**

During this reporting period, the FLRA Inspector General received five complaints plus one referral which required investigations. The FLRA Inspector General conducted three administrative investigations and referred two complaints to the appropriate Federal Agencies.

Case Number	Subject/Allegation	Status
2003-I-01	Improper behavior by a Regional Attorney	Closed
2003-I-02	Bizzare letter criticizing the economy	Forwarded to FPS
2003-I-03	FLRA employee victim of credit card fraud.	Closed
2003-I-04	FLRA manager alleges improper employee access to e-mails	Open
2003-I-05	Discriminatory treatment of FLRA employee by Airline Agent.	Open
2003-I-06	DOJ forwarded complaint from private sector employee regarding Union misrepresentation.	Forwarded to NLRB IG

## **Hotline Calls**

During this reporting period, the FLRA Inspector General processed 13 Hotline Calls which were referred to the appropriate Agency and/or Inspector General.

<b><u>Case Number</u></b>	<b><u>Subject of Allegation/Assistance</u></b>	<b><u>Action</u></b>
2003-H-01	USPS employee alleges improper management and discrimination .	Referred to USPS Inspector General.
2003-H-02	Former FLRA case party alleges management retaliation for filing his ULP.	Referred to Office of Special Counsel Inspector General.
2003-H-03	Unemployed private sector citizen alleges former manager is appealing the decision approving unemployment compensation.	Referred to the Department of Labor Inspector General.
2003-H-04	Private sector employee alleges not being payed for work performed.	Referred to the Department of Labor Inspector General.
2003-H-05	D.C. government employee alleges union embezzlement and misuse of funds.	Referred to District of Columbia Inspector General.
2003 -H-06	Private sector employee alleges age discrimination.	Referred to Equal Employment Opportunity Commission.
2003-H-07	DoD employee alleges improper management.	Referred to DoD Inspector General.
2003-H-08	TSA employee alleges not being paid money stated on his SF-52.	Referred to Department of Transportation Inspector General.

<b><u>Case Number</u></b>	<b><u>Subject of Allegation/Assistance</u></b>	<b><u>Action</u></b>
2003-H-09	Private sector employee alleges previous employer owes her overtime compensation.	Referred to Department of Labor Inspector General.
2003-H-10	Private sector employee alleges company will not release her paycheck until she turns in a uniform which she never had.	Referred to the Department of Labor.
2003-H-11	Senior Executive Employee alleges senior management actions to destroy credibility. February 27, 2003.	Holding
2003-H- 12	Former Federal employee alleges retaliation because of ULP filing.	Closed
2003-H-13	Bizarre religious letter from private sector employee.	Holding

## SPECIFIC REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

The following provides the report page references containing the Inspector General responses, if any, to specific reporting requirements set forth in certain sections of the Inspector General Act of 1978, as amended.

<b>Section 4(a)(2)</b> Review of legislation and regulations.	Page 9
<b>Section 5(a)(1)</b> Significant problems, abuses, and deficiencies.	None
<b>Section 5(a)(2)</b> Recommendations with respect to significant problems, abuses, or deficiencies.	None
<b>Section 5(a)(3)</b> Prior significant recommendations on which corrective action has not been completed.	None
<b>Section 5(a)(4)</b> Matters referred to prosecutorial authorities.	None
<b>Section 5(a)(5)</b> Summary of instances where information was refused.	None
<b>Section 5(a)(6)</b> List of audit reports.	Page 7
<b>Section 5(a)(7)</b> Summary of significant reports.	None
<b>Section 5(a)(8)</b> Statistical table of reports with questioned costs.	None
<b>Section 5(a)(9)</b> Statistical table of reports with recommendations that funds be put to better use.	None
<b>Section 5(a)(10)</b> Summary of previous audit reports without management decisions.	None
<b>Section 5(a)(11)</b> Significant management decision revised during this period.	None
<b>Section 5(a)(12)</b> Significant management decision with which the Inspector General disagrees.	None

**TABLE I: INSPECTOR GENERAL AUDIT REPORTS WITH QUESTIONED COSTS**

INSPECTOR GENERAL REPORTS WITH QUESTIONED COSTS	NUMBER OF REPORTS	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	0	0	0
B. Which were issued during the reporting period.	0	0	0
C. For which a management decision was made during the reporting period.	0	0	0
(i) dollar value of disallowed costs.	0	0	0
(ii) dollar value of costs not disallowed.	0	0	0
D. For which no management decision has been made by the end of the reporting period.	0	0	0

**TABLE II: INSPECTOR GENERAL AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

INSPECTOR GENERAL REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	NUMBER OF REPORTS	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period.	0	0
B. Which were issued during the reporting period.	0	0
C. For which a management decision was made during the reporting period.	0	0
(i) dollar value of recommendations that were agreed to by management.	0	0
(ii) dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision was made by the end of the reporting period.	0	0

**FLRA INSPECTOR GENERAL  
AUDIT & MANAGEMENT CONSULTATION PROJECTS  
SUMMARY**

**October 1, 2002 - March 31, 2003**

<b><u>Subject</u></b>	<b><u>Status</u></b>
Audit of FLRA Financial Reports, Central Services Fund and Budget Formulation Process	Closed
Evaluation of FLRA's Use of Government Credit Cards	Closed
Follow-up on Human Capital Progress	Open
Internal Review of FLRA Authority Case Processing	Open

**FLRA INSPECTOR GENERAL  
CORRECTIVE ACTION SUMMARY  
October 1, 2002 - March 31, 2003**

New Corrective Actions	<b>22</b>
Open Corrective Actions Carried Over	<b>63</b>
Total Actions Closed This Period	<b>9</b>
Total to be Carried Over	<b>76</b>

## **GLOSSARY**

### Final Action

Completion by management of either all actions necessary to implement report recommendations or a management decision that determines no action is necessary.

### Funds Be Put To Better Use

The amount of savings estimated by the Inspector General that could be obtained by implementing report recommendations relating to more efficient management operations.

### Management Decision

A final decision made by management in response to audit report recommendations that may include actions concluded to be necessary or a determination that no action is necessary.

### Management Letter

This document brings to the attention of management any of a broad range of issues and subjects which should be addressed by management, but do not require formal audit or investigation. Management letters are generally unplanned and are issued to report on situations found in conjunction with an on-going or completed audit or investigation. These letters may also be used to expand on previously issued audit report recommendations.

### Questioned Costs

Expenditures questioned by the Inspector General are usually due to the following:

- Unsupported costs, which involve inadequate documentation;
- Disallowed costs, which involve an alleged violation concurred with by Managements Decision of a law, regulation, grant, contract, or another agreement; or
- Unnecessary or unreasonable costs which involve unnecessary or wasteful spending.

## Significant Recommendations

According to Section 5(a)3 of the Inspector General Act, the Inspector General is required to follow up and report on the implementation status of all open "significant recommendations" from prior Semiannual reports. The Inspector General has defined "significant recommendations" as those that pertain to deficiencies that could result in FLRA failure to accomplish mission functions or could result in additional costs or lost funds exceeding \$5,000. The current significant deficiencies of the FLRA relate to computer information security and were defined in 2001.

**REPORT FRAUD, WASTE, ABUSE AND MISMANAGEMENT**

TO:

FLRA'S  
Office of Inspector General

**HOTLINE**  
800-331-FLRA  
(800-331-3572)

Toll Free 24-Hour Answering Service

or write

FLRA  
Office of Inspector General  
1400 K Street, NW  
Suite 250  
Washington, D.C. 20424-0001

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CALLER CAN BE ANONYMOUS**

However, each caller is encouraged to assist the Inspector General by supplying information as to how he or she may be contacted for additional information.